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NSC BRIEFING

31 DECEMBER 1956

SITUATION IN THE SATELLITES

- I. Eastern Europe now looks relatively quiet. Even in Hungary, the people have stopped demonstrating and the general strike is over. But appearances are deceptive and--at least in Hungary and Poland--this apparent calm is no more than skin-deep.
- II. In Hungary, the Kadar regime has won its first major victory, the virtual end of violence and of major strikes. But this victory merely carries the regime through the first round. Overwhelming popular hostility has in no way abated and the nation's economic prospects have in no way brightened.
 - A. Unless the regime--and the USSR--are both willing to grant some form of major political concession to the population--the type of concession that would perforce pose new threats to Communist control--there is little, if any, hope of garnering public support.
 1. Token concessions--such as partial withdrawal of Soviet troops and the return of remaining units to garrisons, the naming of alleged non-Communists to the government and continued limited economic reform--will be of little positive value in gaining support and acceptance.
 2. A continued equivocal policy, in turn, may actually spur resistance.
 - B. The Kadar regime, fully aware of its almost total lack of support, is playing down in the press its use of arrests, internment, curfews and martial law to overcome the opposition.

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1. While striking this pious public attitude, the regime has not abandoned these methods.
2. Kadar is doing his best to rebuild the Communist party around a hard core of disciplined members.
3. The party now has fewer than 100,000 members, according to Moscow--compared to more than 850,000 prior to the revolution.

C. Hungary's economic situation is bleak. Damage to physical plant has been moderate. However, the attitude of the workers, the dislocation caused by extended work stoppages and the extreme shortages of raw materials and fuel are all serious problems.

1. A Soviet loan (announced on 30 December) of \$50 million--in foreign exchange so that purchases can be made in the West--has followed shipments of goods and relief supplies from the USSR and the Bloc.
2. However, the Kadar regime has indicated that it will need at least \$400 million in aid and loans in the near future even to start getting the Hungarian economy back on its feet.

D. The Kadar regime apparently will be allowed to continue its allegedly liberal policies, but the last thing Moscow wants is a loss of control over the Hungarian Communist party (such as has happened in Poland). The reliability of the Kadar regime, however, remains in question.

1. Kadar is (or at least was before the revolution) a leader of the liberal nationalist communist group in the Hungarian party.

2. With a restoration of order and the eventual withdrawal of Soviet troops, Kadar may gradually seek to implement his own policies--perhaps in contradiction to basic Soviet desires.
3. However, Kadar's basic lack of popular support, his reliance on the USSR in the time of crisis and his pliant personality all act as deterrents to such a future conflict.

III. In Poland, Gomulka's prospects also appear hazardous: his over-all control of the party and of the nation's economy is weak.

- A. Gomulka's popular support is contingent upon his ability to outplay the USSR and to improve the economic situation.
 1. Within the Polish party, one faction--the intellectuals--considers Gomulka valuable only if he actively pushes a form of radical liberalization.
 2. To another party group--the so-called "Natolin" faction of "Stalinists", whose rank may now be swelled by dismissed regional party functionaires--Gomulka is an enemy.
- B. The USSR, too, must look upon Gomulka as an enemy. The Soviets have recently and specifically denounced "national Communism", and the humiliation inflicted on Khrushchev and other Soviet leaders in Warsaw in late October was a totally new experience for these men and one that they can hardly be expected to forget.
- C. The Soviets, however, apparently have decided not to intervene militarily against Poland at this point, except in the event of an emergency.

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1. They probably feel that, at the moment, they have no alternative to accepting and accommodating Gomulka, who is still a Communist, still promises to stay in the Bloc, would vigorously oppose any popular attempt to overthrow Communism in Poland.

D. Thus the USSR has been willing, for a time, to bolster Gomulka's regime by granting economic aid and signing an agreement giving the Poles a voice in Soviet troop disposition in Poland.

E. However, chances are at least even that the USSR has already decided eventually to try to dump Gomulka and restore the "Natolin" group by whatever means it deems most advisable.

IV. Elsewhere in the Satellites, where the period of high tension and unrest seems to be at least temporarily over, the calm is perhaps deeper, but nonetheless deceptive. Although the events in Hungary and Poland did not spur widespread violence elsewhere, discontent among the people in the other Satellites apparently reached new heights almost everywhere. Reflecting their considerable uneasiness, the regimes of the other Satellites have reacted in concert to this discontent.

A. First of all, unusual security precautions against any and all forms of potential anti-regime activity were instituted immediately.

1. In Bulgaria, this was followed by a wave of arrests--totalling about 1,200--of persons who had been released from prison during the past few years.

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2. Arrests of dissidents have also taken place in East Germany, Rumania, and Albania.
- B. Next, the Satellite regimes echoed the Soviet line on the Hungarian "counterrevolution" and stepped up their attacks on the West.
1. The Czech regime, for example, has accelerated its program of spy trials involving alleged American espionage agents. Such trials are being staged once or twice a week.
 2. The Czech regime has also resumed its harassment of our embassy in Prague, for example stationing police outside the Embassy entrance to take down the names and addresses of all visiting Czechs.
- C. Adulation of the USSR has also been stepped up throughout the other Satellites--in terms strongly reminiscent of statements during the Stalin era.
1. "Looking homeward to Stalinism"--in the words of our Embassy--the Czech regime has gleefully re-embraced its own Stalinist hero, Klement Gottwald, and has talked hard and tough about the "one true way to socialism."
- D. A new propaganda tactic, designed to cut polish and Yugoslav influence in the other Satellites, has also been inaugurated.
1. A joint East German-Czech communique on 21 December specifically condemned "national" Communism.
 2. The East German press has, more than once, attacked the Polish regime.

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3. Strong language against Yugoslavia has issued from Bulgaria and Albania--the Albanian defense minister calling Tito a "traitor" to the Socialist cause.

E. In the background, at all times, has been the clear Soviet call--spelled out capital letters for all to read by the joint Soviet-Rumanian communique of 3 December--for increased unity within the Soviet Bloc. There is only one road to socialism, Moscow has said--the Soviet road. This thought has been picked up and repeated faithfully by every Satellite regime except Poland and Hungary. This, coupled with the unequivocal denunciations of "national" Communism, makes the issue crystal-clear for the Satellite Communist Parties.

V. These Satellites regimes have not restricted their actions of harsh measures and tough talk. They have coupled severity with a form of economic bribery--lowering prices, and granting and promising higher wages.

A. In Czechoslovakia, for example, the regime specifically went out of its way to tell the people that they had a higher standard of living than the Poles or the Hungarians and that they had better not do anything to jeopardize this comfortable state of affairs.

B. Realizing their weak popular base and recognizing that the events in Poland and Hungary might never have taken place had Communist party unity been maintained, the other Satellite regimes are now brooking no threats to discipline and tolerating no deviations from the standard line. They will attempt to cultivate even

closer relations with their main source of strength, the Soviet Communist Party.

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- C. The Soviet Party, in turn is encouraging these closer relations. The half-formed Soviet policy of allowing the Satellite parties greater freedom and greater responsibilities has been scrapped--at least temporarily--as actually unworkable and potentially dangerous.
- D. This--while not a full return to Stalinism (particularly since the USSR has increased economic aid to the Satellites and still plays lip service to "national sovereignty")--represents a change in the Soviet line not adopted as a matter of free selection but forced on Moscow by the pressure of events in the Satellites.

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